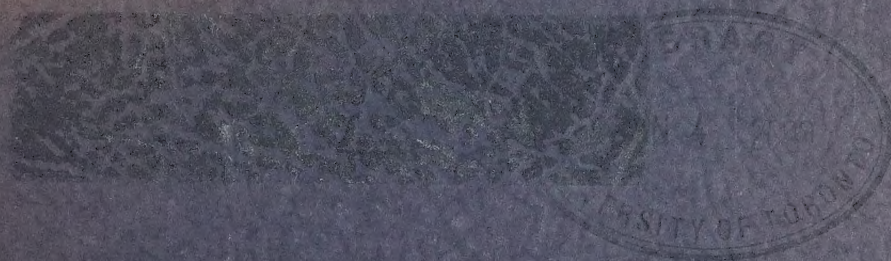


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PUTTING
GOOD
IDEAS
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corporation

nohfc

The NOHFC is a Crown Corporation with an appointed Board of Directors. The NOHFC is chaired by the Minister of Northern Development and Mines.

executive summary

The Northern Ontario Heritage Fund has been significantly redesigned to bring real jobs and growth to Northern Ontario.

Under newly developed program criteria, the Northern Ontario Heritage Fund Corporation (NOHFC) has been refocused toward the funding of infrastructure improvements and development opportunities in Northern Ontario.

Specifically, the Corporation will direct its financial resources toward:

- *Telecommunications, community and transportation infrastructure improvement;*
- *The development and marketing of major destination and regional tourism projects; and,*
- *Strategic partnerships which will increase levels of economic activity leading to long-term economic growth.*

The Ontario Government is committed to bringing real jobs and long-term economic growth to Northern Ontario. This is why the NOHFC is investing \$210 million over the next four years in projects which meet the new program guidelines.

program principles

In the review of projects, some key principles and criteria will guide decision-making. To be eligible, projects should meet several of the following criteria:

- * Preference will be given to projects which provide opportunities for investment from other partners.
- * Projects should be compatible with projects in neighbouring communities.
- * Wherever possible, projects should seek ties to other initiatives and development opportunities.
- * Projects must lead to job creation in Northern Ontario and, to the fullest extent possible, be located in Northern Ontario.
- * Projects under the program are intended to encourage new initiatives and not to replace government-funded programs.
- * Projects should provide new economic benefits rather than shift economic benefits from one part of the North to another.
- * NOHFC investment must be necessary to make the project viable and should not be requested in order to replace other sources of funding.
- * Projects must be in accordance with Government policy.
- * The Corporation's support will be consistent with the Provincial Auditor's guidelines.
- * All projects must have a solid, viable business plan which identifies technical, managerial and financial capacity.

eligibility

Interested proponents might include a group or consortium acting together (normally as a co-operative, syndicate or partnership), municipality(ies), First Nations, not-for-profit corporations, and, to the fullest extent possible, be located in Northern Ontario.

Projects proposed by an individual business are not eligible.

assistance

Types of assistance available from the NOHFC include conditional contributions, forgivable performance loans, incentive term loans and loan guarantees.

Loans are the preferred type of assistance, and preference will be given to projects which request this type of assistance.

The amount and type of assistance will be determined by the Board taking into account such factors as the significance of the project, the financial capability of the applicant(s), and adherence to program principles.

sub-components

The NOHFC program is divided into three sub-components. These are Infrastructure, Tourism and Strategic Partnerships. The three programs are discussed in detail on the following pages.



infrastr

program purpose

The Infrastructure Program will have three funding priorities - Telecommunications, Transportation and Community Infrastructure.

The program will encourage businesses, economic sectors and communities to form partnerships to find effective ways to improve the economic prospects of Northern Ontario.

In telecommunications, the priorities are shared regional and/or local networks and service improvements involving broad-based public and private sector partnerships. Basic access, improved access, advanced network initiatives and leading edge initiatives will be encouraged.

In the transportation area, initiatives which increase competitiveness, remove constraints and promote economic activity are a priority.

Community infrastructure such as roads, sewer and water and other services may also be considered where such assistance can be shown to be necessary to allow new economic activity to occur.

program objectives

- 1) To provide strategic infrastructure to assist in the expansion and diversification of the economy of Northern Ontario.
- 2) To remove specific constraints to the development of new economic activity by:
 - * encouraging the identification and development of new infrastructure and services in telecommunications to improve access to advanced information technology in Northern Ontario;
 - * encouraging the identification and development of new infrastructure and services in transportation; and,
 - * encouraging the identification and development of other infrastructure projects and services which will strengthen the Northern Ontario economy.
- 3) To encourage increased public, private and not-for-profit partnerships through NOHFC assistance or through subsequent spin-off developments.
- 4) To reduce barriers to the Northern Ontario economy in order to improve its ability to compete in domestic and international markets.

structure

program principles

In the review of projects, some key principles and criteria will guide decision-making. To be considered, projects should meet several of the following criteria:

- * Preference will be given to projects which demonstrate high levels of financial leverage and which provide opportunities for investment from other partners.
- * Candidate projects must demonstrate both immediate (development and construction phase) and longer term (operations, supporting development) job creation.
- * Projects should be compatible with developments in neighbouring communities.
- * Projects should demonstrate a commitment to a detailed consultation plan targeted at the local community or regional area (as appropriate) to ensure that the community understands and supports the project.
- * Wherever possible, candidate projects should seek ties to other initiatives and development opportunities.
- * Partnership opportunities with the private sector, other levels of government, not-for-profit corporations and volunteer groups are encouraged.
- * Projects which enhance and reduce the cost of programs, in areas such as health education, municipal and other services, may be considered.
- * Projects under the program are intended to encourage new initiatives and not to replace government-funded programs.
- * Projects should provide new economic benefits rather than shift economic benefits from one part of the North to another.
- * NOHFC investment must be necessary to make the project viable.
- * Management and technical ability to carry out the project must be in place.
- * Ongoing initiatives must demonstrate self-sustainability.
- * Projects must be in accordance with Government policy.
- * The Corporation's support will be consistent with the Provincial Auditor's guidelines and recommendations.

program components

1) TELECOMMUNICATIONS CAPITAL ASSISTANCE

Assistance may be provided to develop and/or increase access to advanced telecommunications services, reduce the cost of these services, and support projects which improve ways of doing business in the various sectors, including the broader public sector. A broad spectrum of telecommunications projects may be eligible.

Funding for telecommunications projects should focus on the demand for services to attract private telecommunications companies' interest, complement a competitive information market, and avoid duplicating investments in basic networks.

Eligible costs include consulting and professional fees related to design, site planning, engineering, legal and accounting; construction costs including site improvements, materials, equipment and labour; operational equipment; and direct expenditures integral to and required for the successful implementation of a network project. Other telecommunications projects which may, in the opinion of the Board, be considered as necessary to further an economic goal in Northern Ontario may be considered for approval on a case-by-case basis.

Types of assistance available from the NOHFC include conditional contributions, forgivable performance loans, incentive term loans and loan guarantees. Loans are the preferred type of assistance, and preference will be given to projects which request this type of assistance.

The amount and type of assistance will be determined by the Board taking into account such factors as the significance of the project, the financial capability of the applicant(s), and adherence to program principles.

2) TRANSPORTATION CAPITAL ASSISTANCE

Under this component, multiple-use development roads which allow public use and ownership are potentially eligible for assistance. Community/municipally-supported airports may receive assistance for capital improvements only.

With respect to short-line/railway spur lines, the program may assist with the purchase of the railbed by a public entity which may then be leased back to a public or private operator or used for another purpose.

Ports, harbours and other marine facilities may receive assistance where there is no existing federal or provincial responsibility. In this program area, assistance would be made for capital improvements to generate new revenue.

Eligible costs include consulting and professional fees related to design, site planning, engineering, legal and accounting; construction costs including site improvements, materials, equipment and labour; and operational equipment. Connecting link and highway projects are not considered eligible.

Other transportation projects which may, in the opinion of the Board, be considered as necessary to further an economic goal in Northern Ontario may be considered for approval on a case-by-case basis.

Types of assistance available from the NOHFC include conditional contributions, forgivable performance loans, incentive term loans and loan guarantees. Loans are the preferred type of assistance, and preference will be given to projects which request this type of assistance.

The amount and type of assistance will be determined by the Board taking into account such factors as the significance of the project, the financial capability of the applicant(s), and adherence to program principles.

3) COMMUNITY INFRASTRUCTURE CAPITAL ASSISTANCE

The intent of this component is to provide the municipal infrastructure necessary for economic development. Infrastructure is defined as roads, water and sewer, natural gas, power, communications and other services which in the opinion of the Board are necessary for economic development.

Funding may be provided for buildings and other facilities which can be considered part of the community infrastructure. It should be noted that the thrust of this component is economic in nature rather than social, cultural or recreational.

Eligible costs include consulting and professional fees related to design, site planning, engineering, legal and accounting; construction costs including site improvements, materials, equipment and labour; and operational equipment. Assistance will not be provided for the repair of existing facilities or services.

Other community infrastructure projects which may, in the opinion of the Board, be considered as necessary to further an economic goal in Northern Ontario may be considered for approval on a case-by-case basis. Types of assistance available from the NOHFC include conditional contributions, forgivable performance loans, incentive term loans and loan guarantees.

Loans are the preferred type of assistance, and preference will be given to projects which request this type of assistance.

The amount and type of assistance will be determined by the Board taking into account such factors as the significance of the project, the financial capability of the applicant(s), and adherence to program principles.

4) RESEARCH AND OPPORTUNITIES IDENTIFICATION ASSISTANCE

Assistance may be provided for identifying development opportunities consistent with the Corporation's objectives and mandate to develop infrastructure across Northern Ontario.

Assistance may be available for applicants to prepare proposals and detailed business proposals for consideration under the second stage of the approval process.

Assistance may also be provided in support of applied and practical sectoral research projects which contribute to the overall objectives of the Program.

Eligible costs and the amount and type of assistance will be determined by the Board taking into account such factors as the significance of the project, the financial capability of the applicant(s), and adherence to program principles.

Consistent with the proactive and strategic nature of the NOHFC and the Corporation's Board of Directors, the Corporation may initiate projects of its own choosing. At the Board's discretion all such initiatives may be vetted by a panel of industry representatives.

Note: Approval to proceed to the second stage does not guarantee approval of future funding for the project. Similarly, support for a feasibility study does not guarantee support for project implementation. Finally, support of one type of project by the NOHFC does not guarantee support for other similar projects.

t o u

program purpose

The NOHFC will provide funds for initiatives which create real jobs through increased tourism across the North.

This will be accomplished through the endorsement of, and commitment to a number of key objectives and principles.

program objectives

- 1) To expand the opportunities and benefits derived from tourism by attracting new tourists to the North, increasing their length of stay and encouraging their return visit;
- 2) To enhance Northern Ontario's tourism by:
 - * encouraging the identification and development of major destination and regional attractions which reflect the way Northerners live and work;
 - * fostering the development and implementation of northern marketing strategies in support of the North's attractions; and,
- 3) To encourage increased public, private and not-for-profit sector partnerships through NOHFC assistance as well as through subsequent spin-off developments



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program principles

- * Tourism research initiatives may also be supported where such initiatives are consistent with the overall objectives of the Corporation's tourism component.
- * The Corporation's financial support of candidate projects will be based on the acceptance, review and endorsement of sound business plans.
- * Projects must demonstrate operational viability.
- * Preference will be given to projects which provide opportunities for investment from a variety of partners.
- * Candidate projects should demonstrate strong local support and cohesiveness among communities through compatible (not competitive) developments.
- * Candidate projects should demonstrate a commitment to a detailed consultation plan targeted at the local community or regional area (as appropriate) to ensure that the community understands and supports the project.
- * Wherever possible, candidate projects should seek ties to other initiatives and development opportunities.
- * Partnership opportunities between the private sector, other levels of government, not-for-profit corporations and volunteer groups are encouraged.
- * Candidate projects must demonstrate both immediate (development and construction phase) and longer term (operations, supporting development) job creation.
- * Candidate projects must be in accordance with Government policy.
- * The Corporation's support will be consistent with the Provincial Auditor's guidelines and recommendations.
- * The Corporation's revised tourism strategy will be communicated to key representatives of the tourism industry, economic development commissions and the investment community.

program components

1) MAJOR DESTINATION ATTRACTIONS CAPITAL ASSISTANCE

Major Destination Attractions are defined as those initiatives which have sufficient support and appeal to be capable of generating or attracting new tourism traffic into Northern Ontario. Types of assistance available from the NOHFC include conditional contributions, forgivable performance loans, incentive term loans and loan guarantees.

Loans are the preferred type of assistance, and preference will be given to projects which request this type of assistance. The amount and type of assistance will be determined by the Board taking into account such factors as the significance of the project, the financial capability of the applicant(s), and adherence to program principles.

Eligible costs include consulting and professional fees related to design, site planning, engineering, legal and accounting; construction costs including site improvements, materials, equipment and labour; and operational equipment.

Preference will be given to candidate attractions which demonstrate high levels of financial leverage and/or which show potential for private-sector partnerships both onsite and in the immediate surrounding area.

Preference may also be given to those attractions which build upon themes which reflect the North's cultural heritage; transportation, industry, aboriginal and settlement history; and natural resource heritage including wilderness.

It is intended that major destination attractions begin development over the next three years, distributed throughout the North's six Ontario Travel Areas (Almaguin Nipissing Travel Association, Cochrane-Timiskaming Travel Association, Rainbow Country Travel Association, Algoma-Kinniwabi Travel Association, North of Superior Travel Association and Sunset Country Travel Association).

2) REGIONAL ATTRACTIONS CAPITAL ASSISTANCE

Regional Attractions are defined as those initiatives which, when marketed in combination with other attractions, are capable of creating a higher level of tourism activity within a region. By establishing smaller, less costly attractions packaged in groups, it becomes easier to market a region to destination-oriented travellers.

Types of assistance available from the NOHFC include conditional contributions, forgivable performance loans, incentive term loans and loan guarantees.

Loans are the preferred type of assistance, and preference will be given to projects which request this type of assistance.

The amount and type of assistance will be determined by the Board taking into account such factors as the significance of the project, the financial capability of the applicant(s), and adherence to program principles.

Eligible costs include consulting and professional fees related to design, site planning, engineering, legal and accounting; construction costs including site improvements, materials, equipment and labour; and operational equipment.

The NOHFC's intention is to provide an equitable opportunity and challenge to develop regional attractions in each of the North's Ontario Travel Areas over the next three years.

3) TOURISM MARKETING ASSISTANCE

Marketing assistance in support of the attractions development programming and also for regional marketing initiatives has been approved as part of the new NOHFC mandate.

Types of assistance available from the NOHFC include conditional contributions, forgivable performance loans, incentive term loans and loan guarantees.

Loans are the preferred type of assistance, and preference will be given to projects which request this type of assistance.

The amount and type of assistance will be determined by the Board taking into account such factors as the significance of the project, the financial capability of the applicant(s), and adherence to program principles.

Eligible costs include attendance at travel and trade shows, print and electronic media, audio-visual support material, direct marketing initiatives, co-operative media ventures and public relations, internet communications, and domestic and foreign travel trade initiatives.

Administrative expenses to cover the cost of ongoing operations is not an eligible expense.

Eligible clients under the marketing component include existing and new NOHFC assisted attractions, the six Northern Ontario Travel Area organizations, regional and local not-for-profit tourism associations and municipalities.

4) TOURISM RESEARCH AND OPPORTUNITIES IDENTIFICATION ASSISTANCE

Assistance may be provided for identifying development opportunities consistent with the Corporation's objectives and mandate to develop Destination and Regional Attractions across Northern Ontario.

Assistance may also be provided in support of applied and practical sectoral research projects which contribute to the overall objectives of the Tourism Program.

Types of assistance available from the NOHFC include conditional contributions, forgivable performance loans, incentive term loans and loan guarantees.

Loans are the preferred type of assistance, and preference will be given to projects which request this type of assistance.

Eligible costs and the amount and type of assistance will be determined by the Board taking into account such factors as the significance of the project, the financial capability of the applicant(s), and adherence to program principles.

Eligible clients include existing publicly owned attractions, regional and local not-for-profit tourism associations and municipalities.

Consistent with the proactive and strategic nature of the NOHFC and the Corporation's Board of Directors, the Corporation may initiate projects of its own choosing.

At the Board's discretion all such initiatives will be vetted by a panel of industry representatives.

strategic p

program purpose

This program provides financial assistance to encourage partnerships and strategic alliances which will strengthen key and emerging sectors in Northern Ontario by encouraging economic growth and increased productivity.

program objectives

- 1) To support initiatives which will contribute to long-term economic growth and diversification of key economic sectors in Northern Ontario. This will create jobs and an economic climate of opportunity.
- 2) To support development of emerging sectors in Northern Ontario, particularly in technology intensive, value-added sectors such as medical and diagnostic research or other high-end technology products and services.
- 3) To support strategic economic development initiatives which will ensure that northern communities remain attractive places to live, work, and invest.

program principles

- * Projects addressing the strategic needs of key Northern Ontario sectors and the business service industries supporting these sectors, including mining, forestry, agriculture, and emerging growth sectors, will be considered. Emerging growth sectors include, but are not limited to, equipment manufacturing, information technology, medical and diagnostics, pharmaceuticals, and biotechnology.
- * Projects supporting key sector business development will be considered, e.g. infrastructure in support of business development, research and development, opportunities identification, demonstration projects, increased production through new technology and applications, market expansion, value-added development, and capital projects. Projects may also support secondary manufacturing and business service industries.
- * Research and demonstration projects must provide significant benefits to end users in key sectors.
- * High value-added projects which enhance the quality of life in Northern Ontario will be considered for assistance.
- * Projects must not create a dependency on government funds upon completion.
- * Projects should leverage funds from other sources and provide for an appropriate commitment of financial and other resources from all project partners.
- * A minimum contribution amount of \$25,000 will be considered by the NOHFC Board.

Partnerships

- * The Strategic Partnerships program is not intended for projects generally considered under the tourism and infrastructure program components, or for renovation and general community and social service projects and studies.
- * A maximum contribution amount of generally \$2.5 million will be available from the NOHFC for any single project.
- * The board will consider cost-shared funding for the development of business plans/feasibility studies for projects that meet the objectives of "strategic partnerships" and that demonstrate potential for significant impact on economic development.

In the review of projects, some key principles and criteria will guide decision making. To become approved, projects should meet several of the following criteria:

- * Preference will be given to projects which provide opportunities for investment from other partners.
- * Projects should be compatible with developments in neighbouring communities.
- * Wherever possible, candidate projects should seek ties to other initiatives and development opportunities.
- * Projects must support employment in Northern Ontario and, to the fullest extent possible, be located in Northern Ontario.
- * Projects under the program are intended to encourage new initiatives and not to replace government funding programs.
- * Projects should provide new economic benefits rather than shift economic benefits from one part of the North to another.
- * NOHFC investment must be necessary to make the project viable.
- * Projects must be in accordance with Government policy.
- * The Corporation's support will be consistent with the Provincial Auditor's guidelines.
- * Projects must have a solid, viable business plan which identifies technical, managerial and financial capacity.

program components

1) RESEARCH AND DEVELOPMENT AND DEMONSTRATION ASSISTANCE

This component's purpose is to provide assistance for research and development, and demonstration projects which meet the principles of the program. Funds can be accessed for, but not limited to:

- developing value-added products and services;
- new technologies to increase the productive output of industries.

Assistance is in the form of conditional contributions, forgivable performance loans, incentive term loans, and loan guarantees, generally to a maximum NOHFC contribution of \$500,000 per project.

2) BUSINESS PLAN DEVELOPMENT ASSISTANCE

This component's purpose is to provide assistance in the development of a sound business plan, to assure project feasibility and implementation, which meets the principles of the program. The business plan must identify financial, technical and managerial capacity and prove project feasibility.

Assistance is in the form of conditional contributions, forgivable performance loans, incentive term loans, and loan guarantees generally to a maximum NOHFC contribution of \$125,000 per project.

Note: For the Business Plan component only, NOHFC's minimum is reduced to \$10,000.

3) MARKETING ASSISTANCE

This component's purpose is to provide assistance for marketing initiatives, up to a maximum period of five years, which meet the principles of the program. Funds can be accessed for, but not limited to:

- export promotion and marketing
- sectoral marketing initiatives

Assistance is in the form of conditional contributions, forgivable performance loans, incentive term loans, and loan guarantees generally to a maximum NOHFC contribution of \$500,000 per project.

4) CAPITAL ASSISTANCE

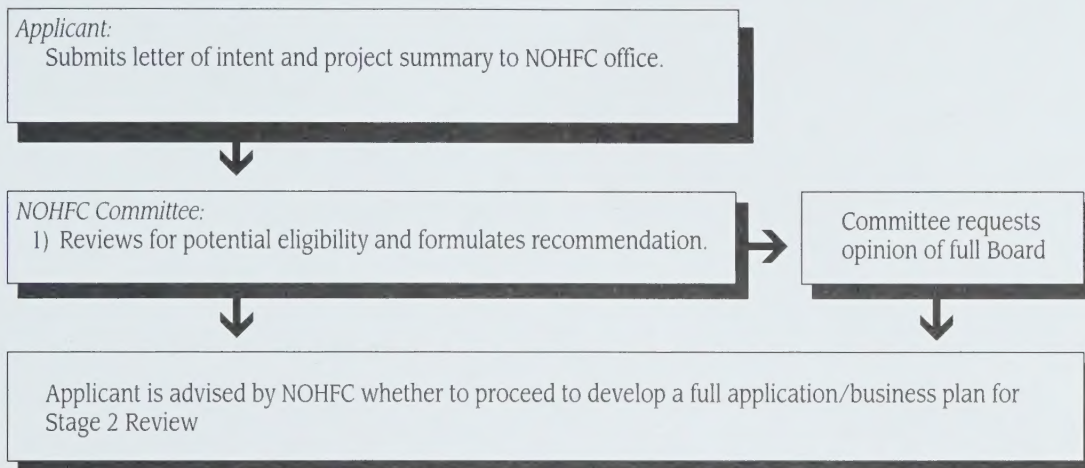
This component's purpose is to provide capital financial assistance to groups for capital assets related to economic development initiatives which meet the operating principles of the program.

Assistance is in the form of conditional contributions, forgivable performance loans, incentive term loans, and loan guarantees generally to a maximum of \$2.5 million per project.

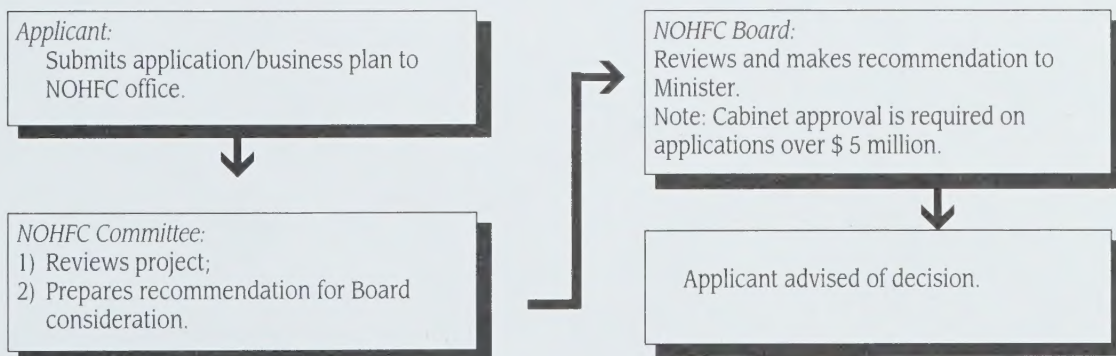
Note: For all strategic partnerships program components, the cost of the proposed project incurred prior to the receipt of an application by the NOHFC will generally not be eligible. Funding decisions will be based on the merits of individual proposals.

nohfc approval process

stage 1 - review concept proposals



stage 2 - review full application/business plan





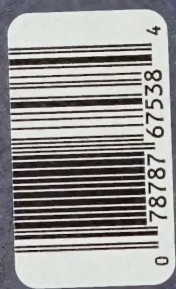
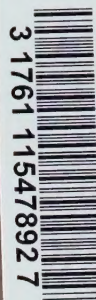
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